

Message Text

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ACTION ARA-10

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O R 110225Z DEC 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC IMMEDIATE 3103

INFO AMEMBASSY LA PAZ

AMEMBASSY SANTIAGO

C O N F I D E N T I A L LIMA 10423

E.O. 11652: GDS

TAGS: PFOR, BL

SUBJECT: ROGERS' CONVERSATION WITH BOLIVIAN PRESIDENT BANZER

1. AT THE REQUEST OF THE BOLIVIAN AMBASSADOR TO PERU, SANJINEZ, I MET WITH PRESIDENT BANZER THE MORNING OF DECEMBER 10 AT THE BOLIVIAN EMBASSY. SANJINEZ AND AMBASSADOR DEAN WERE ALSO PRESENT. BANZER EXPRESSED PLEASURE AT THE WORDING OF THE DECLARATION OF AYACUCHO WHICH HE DESCRIBED AS "ONE STEP MORE" TOWARD THE RESOLUTION OF THE PROBLEM OF BOLIVIA'S ACCESS TO THE SEA. (NOTING THAT HIS ECONOMIC ADVISERS HAD TOLD HIM THAT THE BOLIVIAN ECONOMY "HAD REACHED THE TAKEOFF POINT", HE STRESSED THAT BOLIVIA NEEDED SEA ACCESS MORE EVERY DAY.) BOLIVIA HAD ALWAYS HAD COLLABORATION AND UNDERSTANDING FROM

THE U.S. AND THE BOLIVIAN PEOPLE WERE VERY GRATEFUL FOR IT. I ASKED HIM WHAT IDEALLY WOULD BE THE NEXT STEP IN THE PROCESS OF OBTAINING BOLIVIA'S SEA ACCESS. HE REPLIED THAT IT WOULD BE A SUMMIT CONFERENCE WITH THE PRESIDENTS OF BOLIVIA, CHILE AND PERU IN ATTENDANCE, BUT GAVE NO INDICATION THAT SUCH A MEETING WAS PLANNED.

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2. TURNING TO THE QUESTION OF THE POSSIBILITY OF WAR BETWEEN PERU AND CHILE, BANZER AFFIRMED THAT HE WAS CONCERNED AND REPLIED THAT GENERAL TORRIJOS AND PRESIDENT PEREZ ALSO HAD EXPRESSED DISQUIET

ABOUT THE PROSPECTS FOR WAR. SANJINEZ INTERJECTED THAT HE AND BANZER DISAGREED SOMEWHAT ABOUT THE LIKELIHOOD OF WAR--IN HIS OPINION THERE WAS NO LOGICAL REASON TO BELIEVE THAT WAR WOULD TAKE PLACE SOON. THIS VIEW WAS BASED ON PERU'S NEGATIVE INTERNAL FACTORS AND CHILE'S LACK OF AGGRESSIVE MILITARY CAPACITY. SANJINEZ CONCEDED HOWEVER THAT WARS DO NOT HAVE TO BE LOGICAL AND SAID HE WAS AWARE OF THE OBSESSION ON THE PART OF MANY PERUVIANS WITH THE DESIRE TO REGAIN THE LOST TERRITORY NOW HELD BY CHILE. BANZER RECOUNTED WHAT VELASCO HAD TOLD HIM SEVERAL MONTHS AGO, I.E., THAT "WE ARE GOING TO RECONQUER THE LOST TERRITORY IN ARICA." HE ADDED THAT HE HAD HEARD A DECLARATION FROM PINOCHET IN BRAZIL TO THE EFFECT THAT CHILE WOULD FIGHT TO THE LAST MAN TO PRESERVE THIS TERRITORY.

3. BOTH OF THE BOLIVIANS CONSIDERED THAT THE WORDING CONTAINED IN THE DECLARATION OF AYACUCHO WHICH CALLED FOR A LIMITATION ON OFFENSIVE WEAPONS WAS NOTEWORTHY. WE TOUCHED ON THE LIMITED ROLE OF THE U.S. IN ENCOURAGING PEACE. THE BOLIVIANS THOUGHT THAT BUILDING UP THEIR COUNTRY ECONOMICALLY AND MILITARILY MIGHT HAVE A NEUTRALIZING EFFECT ON THE TENSIONS. BANZER CONFIDED THAT HE LOOKED FAVORABLY ON THE FUTURE RESUMPTION OF DIPLOMATIC RELATIONS BETWEEN BOLIVIA AND CHILE AND REFERRED TO EXCELLENT PROSPECTS FOR TRADE BETWEEN THE TWO COUNTRIES. HE SUGGESTED THAT WE MIGHT WANT TO FINANCE A PORT ON THE PACIFIC COAST FOR BOLIVIA. SANJINEZ ADDED THAT IN DOING SO WE SHOULD CHANNEL OUR EFFORTS THROUGH THE WORLD BANK AND THE IDB.

4. I THEN ASKED BANZER AND SANJINEZ WHAT THE U.S. MIGHT DO TO ENCOURAGE PRESIDENT VEALSCO'S CALL FOR A LIMITATION ON OFFENSIVE ARMS. I OBSERVED THAT IT WAS PARTICULARLY IMPORTANT THIS WEEK SINCE CONGRESS WAS NOT CONSIDERING THE QUESTION OF ARMAMENTS FOR CHILE. IT WAS AGREED THAT THIS WAS AN EXTREMELY COMPLICATED PROBLEM, ONE WHICH THE U.S. ALONE COULD NOT SOLVE. THE SOVIET UNION AND FRANCE ALSO WERE INVOLVED DEEPLY IN THIS MATTER AND THEIR COOPERATION WOULD BE A NECESSITY.

5. BANZER THANKED ME FOR U.S. ECONOMIC ASSISTANCE BUT HE URGED
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ME TO HELP HIM OBTAIN A NEW LOAN FOR BOLIVIA. 1975, HE THOUGH, WOULD BE A DIFFICULT YEAR FOR BOLIVIA BECAUSE THE PRICE OF BOLIVIAN RAW MATERIALS HAD LOWERED YET HE NEEDED ADDITIONAL FUNDS TO PAY FOR CONTEMPLATED AND NECESSARY PAY RAISES FOR GOVERNMENT WORKERS. HE SAID THAT GOB EXPENDITURES OF \$800 MILLION WOULD EXCEED RECEIPTS BY SOME \$300 MILLION. BANZER STRESSED THAT NECESSARY BILATERAL AND MULTILATERAL ASSISTANCE FOR 1975 COULD BE SIGNIFICANTLY REDUCED FOR 1976 WHICH WOULD BE A MUCH BETTER YEAR FOR THE BOLIVIAN ECONOMY.

6. HE COMPLAINED ABOUT THE DELAY IN THE DELIVERY OF MILITARY SUPPLIES WHILE EMPHASIZING THAT BOLIVIA ONLY WANTED DEFENSIVE

WEAPONS WHICH COULD BE USED TO "DISSUADE" EXTREMISTS AND GUERRILLAS. NEW EQUIPMENT WAS ALSO NEEDED TO HELP THE MORALE OF HIS SOLDIERS. HE SAID HE WAS ENCOURAGED BY GENERAL ROSSEN WHO HAD PROMISED TO TRY TO SPEED UP THE DELAYED DELIVERIES.

7. REFERRING TO BOLIVIAN POLITICS, HE CLAIMED THAT THE BOLIVIAN MILITARY WOULD BE DELIGHTED TO TURN OVER THE REINS OF GOVERNMENT IF THERE WERE SOMEONE TO WHOM THEY COULD TURN IT OVER. UNFORTUNATELY, THE POLITICAL PARTIES OF BOLIVIA WERE DISINTEGRATED AND DIVIDED. HE DESCRIBED HIS PROGRAM OF OBLIGATORY CIVIL SERVICE AS BEING SUPPORTED BY THE VAST MAJORITY OF BOLIVIAN PEOPLE. THERE WERE ONLY ABOUT TWO THOUSAND OPPONENTS MOST OF WHOM WERE LABOR UNION HEADS AND ASPIRING POLITICIANS. AS HE DID YESTERDAY, SANJINEZ AFFIRMED THAT BANZER WAS IN COMPLETE CONTROL OF HIS COUNTRY AND POINTED TO BANZER'S PRESENCE IN LIMA AS EVIDENCE THAT THE COUNTRY WAS SAFELY IN HIS CONTROL.

8. IN CLOSING, BANZER PRAISED AMBASSADOR STEDMAN WITH WHOM HE SAID HE HAD AN EXCELLENT WORKING RELATIONSHIP. DEAN

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